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## RURAL DEVELOPMENT RURAL BUSINESS - COOPERATIVE SERVICE



United States  
Department of  
Agriculture

# B & I GUARANTEED LOAN PROGRAM

### **DESCRIPTION**

The Business and Industry (B&I) program guarantees loans made by lenders up to a maximum of 80 percent of loss resulting from borrower default.

### **ELIGIBLE LOAN PURPOSES**

include machinery and equipment, buildings and real estate, working capital and certain types of debt refinancing.

### **AN ELIGIBLE BORROWER**

is any legal entity including cooperative, corporation, or partnership organized and operated on a profit or nonprofit basis, Indian Tribe, public body or individual.

**THE LENDER** can be any Federal or State chartered bank, credit union, savings and loan association, Farm Credit Bank.

### **PERCENT OF GUARANTEE**

Guarantees for a maximum of 80 percent can be issued on loans up to \$5 million; 70 percent for loans of up to \$10 million; and 60 percent for loans up to \$25 million.



**ELIGIBLE AREAS** include all cities and rural areas in North Dakota with the exception of Fargo/West Fargo and Bismarck with

priority given to projects located in cities under 25,000 population.

### **LOAN MATURITY**

Maximum maturities are 7 years for working capital, 15 years for machinery and equipment, and 30 years for real estate.

**OTHER CRITERIA** Interest rates are negotiated between borrower and lender and may be variable or fixed. Collateral must be sufficient to protect the interests of the lender and the USDA. Loans may require personal and/or corporate guarantees. Minimum tangible equity requirements are 20 percent for start-ups and 10 percent for existing businesses.

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